

UNIFIED SCHOOL DISTRICT NO. 415

Hiawatha, Kansas

Financial Statements

For the Year Ended June 30, 2015

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UNIFIED SCHOOL DISTRICT NO. 415
Financial Statements
For the Year Ended June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 415
Hiawatha, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 415, Hiawatha, Kansas (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statement

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of regulatory basis receipts and disbursements-agency funds, the schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity funds and the schedule of regulatory basis receipts, expenditures and unencumbered cash-private purpose trust funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements, however they are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with "Government Auditing Standards", we have also issued our report dated December 1, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the District's internal control over financial reporting and compliance.

Other Matter

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated November 18, 2014. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The 2014 comparative information was subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statements or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly presented in all material respects in relation to the 2014 basic financial statements as a whole, on the basis of accounting described in Note 1.

Mize Houser & Company PA

Certified Public Accountants

Lawrence, KS
December 1, 2015

UNIFIED SCHOOL DISTRICT NO. 415
Summary Statement of Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2015

<u>Funds</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Outstanding Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
Governmental Fund Types:							
General Funds:							
General Fund	\$ 155	\$ 583	\$ 6,255,678	\$ 6,255,833	\$ 583	\$ 115,912	\$ 116,495
Supplemental General	193,026	219	2,017,494	2,143,811	66,928	5,275	72,203
Special Purpose Funds:							
At Risk (K-12)	90,279	-	772,500	764,484	98,295	5,851	104,146
Capital Outlay	1,306,500	-	691,820	476,542	1,521,778	144,188	1,665,966
Driver Training	3,973	-	13,577	8,886	8,664	-	8,664
Food Service	134,929	-	546,470	540,630	140,769	3,874	144,643
Professional Development	50,000	-	27,685	17,685	60,000	249	60,249
Parent Education	1,700	-	-	1,700	-	-	-
Special Education	419,817	-	1,353,261	1,320,465	452,613	59	452,672
Vocational Education	48,934	-	286,996	277,965	57,965	111	58,076
KPERS Special Retirement Contribution	-	-	517,935	517,935	-	-	-
Gifts and Grants	100,680	525	50,462	63,077	88,590	2,553	91,143
Textbook Rental	85,283	-	24,699	19,413	90,569	4,790	95,359
Federal Funds	-	-	279,288	279,288	-	1,581	1,581
Student Materials Revolving	10,705	-	34,496	23,026	22,175	5,823	27,998
Contingency Reserve	500,000	-	50,000	-	550,000	-	550,000
District Activity	46,869	-	163,476	155,456	54,889	-	54,889
Capital Project Fund:							
2015 Bond Construction	-	-	11,125,148	2,380,971	8,744,177	-	8,744,177
Bond and Interest Fund:							
Bond and Interest	754,091	-	640,914	611,348	783,657	-	783,657
Private Purpose Trusts	203,850	-	5,171	7,375	201,646	-	201,646
Total	\$ 3,950,791	\$ 1,327	\$ 24,857,070	\$ 15,865,890	\$ 12,943,298	\$ 290,266	\$ 13,233,564

Composition of Cash:

Morrill and Janes Bank		
Checking Account	\$ 156,883	
Money Market	3,580,494	
Savings Accounts	11,445	
Certificate of Deposit	<u>187,807</u>	3,936,629
Security Bank of Kansas City		
Investment Accounts		8,741,512
Farmers State Bank		
Savings Accounts		25,725
Hiawatha National Bank		
Checking Accounts	\$ 9,390	
Certificate of Deposit	<u>537,500</u>	546,890
Citizens State Bank		
Checking Accounts	\$ 8,946	
Savings Account	268	
Certificate of Deposit	<u>41,811</u>	51,025
Cash Balance		13,301,781
Less: Agency Funds per Schedule 3		<u>[68,217]</u>
Total Reporting Entity (Excluding Agency Funds)		<u>\$ 13,233,564</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 415 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District had no related municipal entities.

Reimbursed Expenses

Expenditures in the amount of \$4,037 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2015:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Trust Fund – used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency Fund - used to report assets held by the municipal reporting entity in a purely custodial capacity.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), principal and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended for the year ended June 30, 2015.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, and the following special purpose funds: Textbook Rental, Student Materials Revolving, Contingency Reserve, 2015 Bond Construction, District Activity.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE 2 - Deposits and Investments

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

Investments. K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. As of June 30, 2015, the District held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Government Securities	\$ 8,698,265	N/A

Some of the District's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2015.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 2 - Deposits and Investments (Continued)

At June 30, 2015, the District's carrying amount of deposits was \$4,603,516 and the bank balance was \$5,353,734. The bank balance was held by five banks resulting in a concentration of credit risk. Of the bank balance, \$620,197 was covered by federal depository insurance and the balance of \$4,733,537 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Substance receipt in transit. The District received \$444,838 subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

NOTE 3 - Long-Term Debt

Following is a detailed listing of the District's long-term debt outstanding at June 30, 2015:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
G.O. 2005 Refunding Bonds	3/1/2005	3.00 to 3.60%	9/1/2018	\$ 5,580,000	\$ 555,000
G.O. 2015-A Improvement Bonds	6/4/2015	2.00 to 3.00%	9/1/2030	9,200,000	9,200,000
G.O. 2015-B Refunding Bonds	6/4/2015	1.40%	9/1/2018	<u>1,665,000</u>	<u>1,665,000</u>
Total				<u>\$ 16,445,000</u>	<u>\$ 11,420,000</u>

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14% of the assessed valuation. The District requested and received approval under applicable Kansas law which allows the issuance of bonded debt in excess of the general bonded debt limitation. The ratio of outstanding bonded debt to the assessed valuation as of June 30, 2015 was 12.85%.

Following is a summary of changes in long-term debt for the year ended June 30, 2015:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid Year Ended 6/30/2015</u>
G.O. Bonds To Be Paid With:					
Tax Levies					
2005 Refunding Bonds	\$ 2,730,000	\$ -	\$ 2,175,000	\$ 555,000	\$ 86,348
2015-A Improvement Bonds	-	9,200,000	-	9,200,000	-
2015-B Refunding Bonds	-	<u>1,665,000</u>	-	<u>1,665,000</u>	-
Total	<u>\$ 2,730,000</u>	<u>\$ 10,865,000</u>	<u>\$ 2,175,000</u>	<u>\$ 11,420,000</u>	<u>\$ 86,348</u>

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 3 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

Year	Principal Due	Interest Due	Total Due
2016	\$ 555,000	\$ 38,843	\$ 593,843
2017	1,070,000	300,434	1,370,434
2018	1,145,000	224,190	1,369,190
2019	985,000	204,980	1,189,980
2020	550,000	187,950	737,950
2021 - 2025	2,970,000	767,925	3,737,925
2026 - 2030	3,410,000	405,475	3,815,475
2031	<u>735,000</u>	<u>22,050</u>	<u>757,050</u>
Total	<u>\$ 11,420,000</u>	<u>\$ 2,151,846</u>	<u>\$ 13,571,846</u>

The District issued Series 2015A general obligation bonds in the amount of \$9,200,000 on June 4, 2015, to pay the costs to construct, equip and furnish safety, security and fire alarm improvements to the Elementary School, Middle School and High School buildings; improvements to the Elementary building and site, including HVAC replacement, lighting, storm drainage, roofing and plumbing; improvements to the Middle School building, including HVAC renovation; improvements to the High School building, including HVAC upgrades, electrical and plumbing, and restroom renovation; and all other necessary improvements appurtenant thereto. The interest rate on the bonds is 2.00% to 3.00% and has a final maturity of September 1, 2030.

The District issued Series 2015B general obligation refunding bonds in the amount of \$1,665,000 on June 4, 2015, to refund \$1,650,000 of the District's Series 2005 general obligation bonds. The net proceeds were used to establish an escrow account invested in U.S. Government Securities to pay the outstanding principal of the Series 2005 general obligation bonds and the interest due. As a result, this portion of the Series 2005 bonds was considered to be defeased and the liability for the defeased bonds has been removed from the District's financial statements. The transaction resulted in an economic gain of \$46,585 and a reduction of \$48,882 in future debt payments. The interest rate on the bonds is 1.40% and has a final maturity of September 1, 2018.

At June 30, 2015, the remaining principal balance of outstanding debt issues previously defeased is \$1,650,000. The principal and interest payments for these bonds will be paid by the trustee for the related escrow securities on the scheduled payment dates. This amount is not recorded in these financial statements.

NOTE 4 - Operating Lease

The District has leased four copiers with payments totaling \$22,791 during the current year and payments in future years as follows:

<u>Year</u>	<u>Amount</u>
2015 - 16	\$ 12,541
2016 - 17	12,541
2017 - 18	1,992
2018 - 19	1,992
2019 - 20	<u>1,992</u>
Total	<u>\$ 31,057</u>

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 5 - Interfund Transfers

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	At Risk (K-12)	K.S.A. 72-6428	\$ 137,500
General	Food Service	K.S.A. 72-6428	35,000
General	Professional Development	K.S.A. 72-6428	27,685
General	Special Education	K.S.A. 72-6428	1,051,561
General	Vocational Education	K.S.A. 72-6428	42,053
General	Textbook Rental	K.S.A. 72-6428	10,000
General	Capital Outlay	K.S.A. 72-6428	80,672
General	Driver Training	K.S.A. 72-6428	2,976
General	Contingency Reserve	K.S.A. 72-6428	50,000
Supplemental General	At Risk (K-12)	K.S.A. 72-6433	635,000
Supplemental General	Special Education	K.S.A. 72-6433	300,000
Supplemental General	Vocational Education	K.S.A. 72-6433	195,000
Total			<u>\$ 2,567,447</u>

NOTE 6 - Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has three benefit structures and funding depends on whether the employee is a Tier 1, Tier 2, or Tier 3 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on July 1, 2009 through December 31, 2014. Tier 3 members are all remaining employees hired on or after January 1, 2015. Kansas law establishes the KPERS member-employee contribution rate of 6% of covered salary for members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share.

Net Pension Liability. The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the District's proportionate share of the net pension liability is \$7,011,830 as of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 7 - Compensated Absences

Most administrative and classified personnel employed on a twelve month full-time (32 hours per week) status are eligible for a paid two week vacation. Following the completion of ten years of employment, the employee is eligible for three weeks paid vacation. Only one week of unused vacation may be carried into the next year. A week is defined as five working days.

It is the District's policy to pay employees accrued vacation pay upon termination of employment. As of June 30, 2015, the liability for accrued vacation pay was \$2,154.

The District also has available sick leave for all. Employees accrue sick leave at the rate of fifteen (15) days per year, with the maximum accumulation of one hundred (100) days. Upon termination, employees are not paid for any accumulated sick leave.

NOTE 8 - Termination Benefits

The District also has a plan which covers personnel who are eligible to receive retirement benefits from either the Kansas Public Employees Retirement System or the Social Security Administration and have been employed by the district for at least fifteen years. To be eligible, the District must receive the employee's retirement resignation by February 15 of the year in which the retirement occurs. Eligible classified employees will receive a one-time payment based on the number of years of service in the District, payable in a lump sum at the end of the school year. The amount of the compensation is determined as follows:

<u>Years of Service to the District</u>	<u>Classified Compensation</u>
15 Years	\$ 1,500
Per Year Beyond 15 Years	50

The certified and administrative employees who retire under the plan are eligible to continue in the health insurance plan of the District as well as receive the District's contribution for the single health insurance policy equal to the benefit given in the year of retirement until the employee reaches age 65.

The amount paid by the District on behalf of the retirees during the year ended June 30, 2015, was \$101,427. The amount of the District's accrued contribution for the health insurance of retirees until age 65 is \$348,829 as of June 30, 2015.

The estimated cost of future early retirement program commitments, including health insurance, is as follows:

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Estimated Cost of Early Retirement Benefits	\$ 116,156	\$ 112,245	\$ 97,032	\$ 95,160	\$ 89,341

NOTE 9 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2015.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 10 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 12 – Related Party Transaction

The District paid \$1,709 during the year ended June 30, 2015, for bus repairs to a company owned by a board member of the District.

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UNIFIED SCHOOL DISTRICT NO. 415
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Funds:						
General Fund	\$ 6,301,872	\$ [50,076]	\$ 4,037	\$ 6,255,833	\$ 6,255,833	\$ -
Supplemental General	2,151,317	[7,506]	-	2,143,811	2,143,811	-
Special Purpose Funds:						
At Risk (K-12)	807,000	-	-	807,000	764,484	42,516
Capital Outlay	1,348,585	-	-	1,348,585	476,542	872,043
Driver Training	20,928	-	-	20,928	8,886	12,042
Food Service	580,000	-	-	580,000	540,630	39,370
Professional Development	50,000	-	-	50,000	17,685	32,315
Parent Education	1,700	-	-	1,700	1,700	-
Special Education	1,448,709	-	-	1,448,709	1,320,465	128,244
Vocational Education	279,499	-	-	279,499	277,965	1,534
KPERS Special Retirement Contribution	641,352	-	-	641,352	517,935	123,417
Gifts and Grants	180,025	-	-	180,025	63,077	116,948
Federal Funds	297,784	-	-	297,784	279,288	18,496
Bond and Interest Fund:						
Bond and Interest	611,448	-	-	611,448	611,348	100

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,532,545	\$ -	\$ -	\$ -
Delinquent taxes	22,774	-	-	-
State Aid:				
Equalization aid	3,675,192	5,300,080	5,301,717	[1,637]
Special education aid	964,171	951,561	1,000,000	[48,439]
Reimbursement	200	4,037	-	4,037
Total Receipts	<u>6,194,882</u>	<u>6,255,678</u>	<u>\$ 6,301,717</u>	<u>\$ [46,039]</u>
Expenditures				
Instruction	2,922,496	2,844,793	\$ 2,979,004	\$ 134,211
Student support services	306,060	291,682	313,700	22,018
Instructional support services	281,783	259,474	289,500	30,026
General administration	235,879	232,280	242,250	9,970
School administration	602,953	575,477	591,948	16,471
Operations and maintenance	15,182	15,347	16,000	653
Other support services	226,157	244,144	231,600	[12,544]
Transportation	267,601	355,189	281,650	[73,539]
Transfers out	1,337,005	1,437,447	1,356,220	[81,227]
Adjustments to comply with legal max	-	-	[50,076]	[50,076]
Adjustment for qualifying budget credit	-	-	4,037	4,037
Total Expenditures	<u>6,195,116</u>	<u>6,255,833</u>	<u>\$ 6,255,833</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[234]	[155]		
Unencumbered Cash, Beginning	234	155		
Prior year cancelled encumbrances	<u>155</u>	<u>583</u>		
Unencumbered Cash, Ending	<u>\$ 155</u>	<u>\$ 583</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

		Current Year		Variance
	Prior Year			Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,776,857	\$ 1,610,556	\$ 1,713,805	\$ [103,249]
Delinquent taxes	28,027	24,491	22,913	1,578
Motor vehicle tax	138,463	161,180	151,216	9,964
Recreational vehicle tax	2,560	2,876	2,307	569
Revenue in lieu of taxes	-	505	-	505
State aid	177,265	217,886	272,357	[54,471]
Total Receipts	<u>2,123,172</u>	<u>2,017,494</u>	<u>\$ 2,162,598</u>	<u>\$ [145,104]</u>
Expenditures				
Operations and maintenance	987,894	1,013,811	\$ 993,317	\$ [20,494]
Transfers out	1,115,000	1,130,000	1,158,000	28,000
Adjustments to comply with legal max	-	-	[7,506]	[7,506]
Total Expenditures	<u>2,102,894</u>	<u>2,143,811</u>	<u>\$ 2,143,811</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	20,278	[126,317]		
Unencumbered Cash, Beginning	172,748	193,026		
Prior year cancelled encumbrances	-	219		
Unencumbered Cash, Ending	<u>\$ 193,026</u>	<u>\$ 66,928</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfers in	\$ 769,580	\$ 772,500	\$ 800,000	\$ [27,500]
Total Receipts	<u>769,580</u>	<u>772,500</u>	<u>\$ 800,000</u>	<u>\$ [27,500]</u>
Expenditures				
Instruction	758,316	764,484	\$ 807,000	\$ 42,516
Total Expenditures	<u>758,316</u>	<u>764,484</u>	<u>\$ 807,000</u>	<u>\$ 42,516</u>
Receipts Over [Under] Expenditures	11,264	8,016		
Unencumbered Cash, Beginning	<u>79,015</u>	<u>90,279</u>		
Unencumbered Cash, Ending	<u>\$ 90,279</u>	<u>\$ 98,295</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 329,358	\$ 506,296	\$ 487,119	\$ 19,177
Delinquent taxes	5,473	4,570	4,249	321
Motor vehicle tax	25,130	29,613	27,794	1,819
Recreational vehicle tax	465	529	423	106
Investment income	17,293	13,958	15,000	[1,042]
Miscellaneous	71,293	56,021	45,000	11,021
Revenue in lieu of taxes	-	161	-	161
Transfer in	-	80,672	-	80,672
Total Receipts	<u>449,012</u>	<u>691,820</u>	<u>\$ 579,585</u>	<u>\$ 112,235</u>
Expenditures				
Property and equipment - instruction	81,318	45,551	\$ 379,997	\$ 334,446
Property and equipment - student support services	1,656	315	10,000	9,685
Property and equipment - instructional support staff	-	1,155	10,000	8,845
Property and equipment - other support services	-	1,275	10,000	8,725
Property and equipment - school administration	19,529	3,894	10,000	6,106
Property and equipment - general administration	9,958	4,275	10,000	5,725
Property and equipment - transportation	-	16,894	100,000	83,106
Operations and maintenance	38,362	36,213	135,457	99,244
Site improvement services	20,069	51,247	25,000	[26,247]
Architectural and engineering services	11,250	32,000	75,000	43,000
Building additions	594	1,112	1,000	[112]
Building repair and remodeling	173,861	282,611	582,131	299,520
Total Expenditures	<u>356,597</u>	<u>476,542</u>	<u>\$ 1,348,585</u>	<u>\$ 872,043</u>
Receipts Over [Under] Expenditures	92,415	215,278		
Unencumbered Cash, Beginning	1,211,540	1,306,500		
Prior year cancelled encumbrances	<u>2,545</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 1,306,500</u>	<u>\$ 1,521,778</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Charges for services	\$ 230	\$ 8,740	\$ 17,955	\$ [9,215]
Miscellaneous revenue	2,465	1,861	-	1,861
Transfer in	-	2,976	-	2,976
Total Receipts	<u>2,695</u>	<u>13,577</u>	<u>\$ 17,955</u>	<u>\$ [4,378]</u>
Expenditures				
Instruction	292	7,963	\$ 19,278	\$ 11,315
Operation and maintenance	-	923	1,650	727
Total Expenditures	<u>292</u>	<u>8,886</u>	<u>\$ 20,928</u>	<u>\$ 12,042</u>
Receipts Over [Under] Expenditures	2,403	4,691		
Unencumbered Cash, Beginning	<u>1,570</u>	<u>3,973</u>		
Unencumbered Cash, Ending	<u>\$ 3,973</u>	<u>\$ 8,664</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Federal aid	\$ 311,534	\$ 320,271	\$ 279,885	\$ 40,386
State aid	5,019	5,444	4,299	1,145
Charges for services	157,221	185,755	183,096	2,659
Miscellaneous	135	-	150	[150]
Transfers in	24,000	35,000	40,000	[5,000]
Total Receipts	<u>497,909</u>	<u>546,470</u>	<u>\$ 507,430</u>	<u>\$ 39,040</u>
Expenditures				
Food service operation	<u>502,848</u>	<u>540,630</u>	<u>\$ 580,000</u>	<u>\$ 39,370</u>
Total Expenditures	<u>502,848</u>	<u>540,630</u>	<u>\$ 580,000</u>	<u>\$ 39,370</u>
Receipts Over [Under] Expenditures	[4,939]	5,840		
Unencumbered Cash, Beginning	134,048	134,929		
Prior year cancelled encumbrances	<u>5,820</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 134,929</u>	<u>\$ 140,769</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 52,253	\$ 27,685	\$ 41,220	\$ [13,535]
Total Receipts	<u>52,253</u>	<u>27,685</u>	<u>\$ 41,220</u>	<u>\$ [13,535]</u>
Expenditures				
Instructional support services	52,253	17,685	\$ 50,000	\$ 32,315
Total Expenditures	<u>52,253</u>	<u>17,685</u>	<u>\$ 50,000</u>	<u>\$ 32,315</u>
Receipts Over [Under] Expenditures	-	10,000		
Unencumbered Cash, Beginning	<u>50,000</u>	<u>50,000</u>		
Unencumbered Cash, Ending	<u>\$ 50,000</u>	<u>\$ 60,000</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Parent Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Student support services	-	1,700	\$ 1,700	\$ -
Total Expenditures	-	1,700	<u>\$ 1,700</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	[1,700]		
Unencumbered Cash, Beginning	1,700	1,700		
Unencumbered Cash, Ending	<u>\$ 1,700</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Miscellaneous revenue	\$ -	\$ 1,700	\$ 1,700	\$ -
Transfers in	<u>1,379,171</u>	<u>1,351,561</u>	<u>1,413,000</u>	<u>[61,439]</u>
Total Receipts	<u>1,379,171</u>	<u>1,353,261</u>	<u>1,414,700</u>	<u>\$ [61,439]</u>
Expenditures				
Instruction	1,235,734	1,319,644	\$ 1,443,909	\$ 124,265
Operations and maintenance	<u>1,325</u>	<u>821</u>	<u>4,800</u>	<u>3,979</u>
Total Expenditures	<u>1,237,059</u>	<u>1,320,465</u>	<u>\$ 1,448,709</u>	<u>\$ 128,244</u>
Receipts Over [Under] Expenditures	142,112	32,796		
Unencumbered Cash, Beginning	<u>277,705</u>	<u>419,817</u>		
Unencumbered Cash, Ending	<u>\$ 419,817</u>	<u>\$ 452,613</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 30	\$ -	\$ -	\$ -
Federal aid	47,125	41,965	41,965	-
State aid	7,634	7,978	12,600	[4,622]
Transfers in	207,170	237,053	220,000	17,053
Total Receipts	<u>261,959</u>	<u>286,996</u>	<u>\$ 274,565</u>	<u>\$ 12,431</u>
Expenditures				
Instruction	229,444	257,771	\$ 248,749	\$ [9,022]
Instructional support services	10,148	5,523	13,000	7,477
Operations and maintenance	-	868	-	[868]
Transportation	9,294	11,705	-	[11,705]
Support services	2,356	2,098	17,750	15,652
Total Expenditures	<u>251,242</u>	<u>277,965</u>	<u>\$ 279,499</u>	<u>\$ 1,534</u>
Receipts Over [Under] Expenditures	10,717	9,031		
Unencumbered Cash, Beginning	38,201	48,934		
Prior year cancelled encumbrances	<u>16</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 48,934</u>	<u>\$ 57,965</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
KPERs Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
State aid	\$ 543,519	\$ 517,935	\$ 641,352	\$ [123,417]
Total Receipts	<u>543,519</u>	<u>517,935</u>	<u>\$ 641,352</u>	<u>\$ [123,417]</u>
Expenditures				
Instruction	339,903	320,372	\$ 401,084	\$ 80,712
Student support services	21,377	21,557	25,225	3,668
Instructional support services	21,821	21,154	25,749	4,595
General administration	19,970	19,738	23,565	3,827
School administration	54,164	50,543	63,913	13,370
Other supplemental services	19,963	20,839	23,558	2,719
Operations and maintenance	38,525	38,753	45,459	6,706
Student transportation services	11,524	10,946	13,598	2,652
Food service	16,272	14,033	19,201	5,168
Total Expenditures	<u>543,519</u>	<u>517,935</u>	<u>\$ 641,352</u>	<u>\$ 123,417</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Gifts and Grants Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Contributions and donations	\$ 249,324	\$ 48,702	\$ 125,000	\$ [76,298]
Investment income	171	160	-	160
Federal aid	17,061	1,600	-	1,600
Total Receipts	<u>266,556</u>	<u>50,462</u>	<u>\$ 125,000</u>	<u>\$ [74,538]</u>
Expenditures				
Instruction	74,308	47,693	\$ 132,900	\$ 85,207
Student support services	8,305	6,480	10,750	4,270
Instructional support services	612	451	2,750	2,299
General administration	850	-	1,500	1,500
Operations and maintenance	164,648	6,599	30,500	23,901
Transportation	1,236	1,854	1,625	[229]
Total Expenditures	<u>249,959</u>	<u>63,077</u>	<u>\$ 180,025</u>	<u>\$ 116,948</u>
Receipts Over [Under] Expenditures	16,597	[12,615]		
Prior year cancelled encumbrances	-	525		
Unencumbered Cash, Beginning	<u>84,083</u>	<u>100,680</u>		
Unencumbered Cash, Ending	<u>\$ 100,680</u>	<u>\$ 88,590</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Textbook Rental Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 15,109	\$ 14,699
Transfers in	<u>19,831</u>	<u>10,000</u>
Total Receipts	<u>34,940</u>	<u>24,699</u>
Expenditures		
Instruction	<u>44,161</u>	<u>19,413</u>
Total Expenditures	<u>44,161</u>	<u>19,413</u>
Receipts Over [Under] Expenditures	[9,221]	5,286
Unencumbered Cash, Beginning	94,492	85,283
Prior year cancelled encumbrances	<u>12</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 85,283</u>	<u>\$ 90,569</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 415
Federal Funds
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015

	Teacher Quality	Title I	Rural Education	Actual	Budget	Variance Over [Under]
Receipts						
Federal aid	\$ 25,086	\$ 230,649	\$ 23,553	\$ 279,288	\$ 297,784	\$ [18,496]
Total Receipts	<u>25,086</u>	<u>230,649</u>	<u>23,553</u>	<u>279,288</u>	<u>\$ 297,784</u>	<u>\$ [18,496]</u>
Expenditures						
Instruction	5,744	230,649	23,553	259,946	\$ 297,784	\$ 37,838
Instructional support services	<u>19,342</u>	<u>-</u>	<u>-</u>	<u>19,342</u>	<u>-</u>	<u>[19,342]</u>
Total Expenditures	<u>25,086</u>	<u>230,649</u>	<u>23,553</u>	<u>279,288</u>	<u>\$ 297,784</u>	<u>\$ 18,496</u>
Receipts Over [Under] Expenditures	-	-	-	-		
Unencumbered Cash, Beginning	-	-	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Student Materials Revolving Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 31,653	\$ 34,496
Total Receipts	<u>31,653</u>	<u>34,496</u>
Expenditures		
Instruction	39,104	21,640
Instructional support services	<u>2,217</u>	<u>1,386</u>
Total Expenditures	<u>41,321</u>	<u>23,026</u>
Receipts Over [Under] Expenditures	[9,668]	11,470
Unencumbered Cash, Beginning	<u>20,373</u>	<u>10,705</u>
Unencumbered Cash, Ending	<u>\$ 10,705</u>	<u>\$ 22,175</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 415
Contingency Reserve Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ -	\$ 50,000
Total Receipts	<u>-</u>	<u>50,000</u>
Expenditures		
Instruction	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	50,000
Unencumbered Cash, Beginning	<u>500,000</u>	<u>500,000</u>
Unencumbered Cash, Ending	<u>\$ 500,000</u>	<u>\$ 550,000</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 415
2015 Bond Construction Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2015

	<u>Actual</u>
Receipts	
Investment income	\$ 38
Bond proceeds	<u>11,125,110</u>
Total Receipts	<u>11,125,148</u>
Expenditures	
Principal	1,650,000
Cost of issuance	209,984
Capital outlay	<u>520,987</u>
Total Expenditures	<u>2,380,971</u>
Receipts Over [Under] Expenditures	8,744,177
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 8,744,177</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 415
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 575,828	\$ 580,220	\$ 552,798	\$ 27,422
Delinquent taxes	10,340	8,130	7,432	698
Motor vehicle tax	43,952	51,464	48,313	3,151
Recreational vehicle tax	813	919	737	182
Revenue in lieu of taxes	-	181	-	181
Total Receipts	<u>630,933</u>	<u>640,914</u>	<u>\$ 609,280</u>	<u>\$ 31,634</u>
Expenditures				
Principal	500,000	525,000	\$ 525,000	\$ -
Commission and postage	-	-	100	100
Interest	<u>103,760</u>	<u>86,348</u>	<u>86,348</u>	<u>-</u>
Total Expenditures	<u>603,760</u>	<u>611,348</u>	<u>\$ 611,448</u>	<u>\$ 100</u>
Receipts Over [Under] Expenditures	27,173	29,566		
Unencumbered Cash, Beginning	<u>726,918</u>	<u>754,091</u>		
Unencumbered Cash, Ending	<u>\$ 754,091</u>	<u>\$ 783,657</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2015

<u>FUND</u>	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
MIDDLE SCHOOL FUNDS				
Student Council	\$ 4,127	\$ 7,041	\$ 7,636	\$ 3,532
Student Incentives & Rewards	<u>2,416</u>	<u>2,896</u>	<u>2,453</u>	<u>2,859</u>
TOTAL MIDDLE SCHOOL ACTIVITY FUNDS	<u>6,543</u>	<u>9,937</u>	<u>10,089</u>	<u>6,391</u>
HIGH SCHOOL FUNDS				
Red Hawk Bank	6,166	8,751	8,191	6,726
Art Club	302	360	552	110
Astronomy Club	-	1,596	1,395	201
BPA	3,271	6,095	6,756	2,610
Cheerleaders	692	5,302	3,135	2,859
Class of '14	39	-	39	-
Class of '15	2,579	-	1,713	866
Class of '16	35	10,081	10,003	113
Class of '17	18	86	-	104
Class of '18	-	211	-	211
Flags	435	306	622	119
Red Hawk Store	3,789	3,186	5,661	1,314
Dance Team	1,284	1,286	1,580	990
FFA	10,155	24,464	24,512	10,107
Forensics	103	90	190	3
Keys	394	4,240	4,457	177
Biology Club	7,508	58,886	51,527	14,867
Weightroom	347	3	-	350
Readers Club	68	48	52	64
National Honor Society	211	250	68	393
Red Hawks	255	252	32	475
Scholars Bowl	382	400	600	182
International Club	785	195	191	789
Student Council	179	15,736	14,763	1,152
Basketball	1,577	858	575	1,860
Girls Basketball	-	250	54	196
Cross Country	328	313	613	28
Softball	1,169	844	840	1,173
Football	2,646	3,610	3,354	2,902
Volleyball	594	2,795	1,906	1,483
Wrestling	53	-	-	53
Powerlifting	61	15	-	76
Music/Vocal	447	2,952	2,809	590
Musical/Instrumental	3,813	11,673	11,475	4,011
Pep Bus	857	-	-	857
Integration	<u>4,037</u>	<u>-</u>	<u>222</u>	<u>3,815</u>
TOTAL HIGH SCHOOL ACTIVITY FUNDS	<u>54,579</u>	<u>165,134</u>	<u>157,887</u>	<u>61,826</u>
TOTAL STUDENT ORGANIZATION FUNDS	<u>\$ 61,122</u>	<u>\$ 175,071</u>	<u>\$ 167,976</u>	<u>\$ 68,217</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2015

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<u>Gate Receipts:</u>							
Middle School	\$ 7,978	\$ -	\$ 12,129	\$ 12,172	\$ 7,935	\$ -	\$ 7,935
High School	15,492	-	103,300	94,545	24,247	-	24,247
Total Gate Receipts	23,470	-	115,429	106,717	32,182	-	32,182
<u>School Projects:</u>							
Hiawatha Elementary							
Pictures	8,481	-	3,429	3,204	8,706	-	8,706
Pop	122	-	3,174	3,056	240	-	240
Taxes	3	-	300	303	-	-	-
Total Hiawatha Elementary	8,606	-	6,903	6,563	8,946	-	8,946
Hiawatha Middle School							
School wide	518	-	4,392	4,344	566	-	566
School pictures	3,848	-	235	-	4,083	-	4,083
Yearbook	442	-	3,305	3,185	562	-	562
Miscellaneous	160	-	-	-	160	-	160
Student Materials	-	-	53	-	53	-	53
Textbooks	-	-	30	-	30	-	30
Dispensers	39	-	-	-	39	-	39
Sales tax	456	-	1,860	2,221	95	-	95
Total Hiawatha Middle School	5,463	-	9,875	9,750	5,588	-	5,588
High School							
All school play	3,489	-	3,126	3,702	2,913	-	2,913
Sales Tax	252	-	10,445	10,672	25	-	25
Yearbook	1,583	-	9,765	7,474	3,874	-	3,874
Miscellaneous	165	-	231	345	51	-	51
Drivers Ed	2,760	-	5,980	8,740	-	-	-
PSAT	31	-	462	448	45	-	45
ACT Prep Class	889	-	770	555	1,104	-	1,104
PLAN Test	161	-	-	-	161	-	161
Weightlifting	-	-	490	490	-	-	-
Total High School	9,330	-	31,269	32,426	8,173	-	8,173
Total School Projects	23,399	-	48,047	48,739	22,707	-	22,707
Total District Activity Funds	\$ 46,869	\$ -	\$ 163,476	\$ 155,456	\$ 54,889	\$ -	\$ 54,889

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Private Purpose Trust Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2015

<u>FUND</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Outstanding Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
Cox scholarship	\$ 1,016	\$ -	\$ 3	\$ -	\$ 1,019	\$ -	\$ 1,019
Crow memorial	2,452	-	9	-	2,461	-	2,461
Kidwell memorial	4,040	-	13	-	4,053	-	4,053
Elliott scholarship	1,373	-	4	300	1,077	-	1,077
Schilling scholarship	1,388	-	5	75	1,318	-	1,318
Ruth scholarship	193,581	-	5,137	7,000	191,718	-	191,718
Total Private Purpose Trust Funds	<u>\$ 203,850</u>	<u>\$ -</u>	<u>\$ 5,171</u>	<u>\$ 7,375</u>	<u>\$ 201,646</u>	<u>\$ -</u>	<u>\$ 201,646</u>

UNIFIED SCHOOL DISTRICT NO. 415
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
U.S. Department of Education Passed through Kansas Department of Education (KSDE):					
Title I	84.010	\$ -	\$ 230,649	\$ 230,649	\$ -
Title II-A Teacher Quality	84.367	-	25,086	25,086	-
Rural and Low Income	84.358	-	23,553	23,553	-
Program Improvement	84.048	-	43,465	43,465	-
Total Department of Education Passed Through KSDE		-	322,753	322,753	-
U.S. Department of Health and Human Services Passed through Kansas Department of Education (KSDE):					
Youth Risk Behavior Survey	15.130	-	100	100	-
Total Department of Health and Human Services Passed Through KSDE		-	100	100	-
U.S. Department of Agriculture Passed through Kansas Department of Education (KSDE):					
School Breakfast	10.553	-	67,014	67,014	-
National School Lunch Program	10.555	-	251,831	251,831	-
Summer Food Service	10.559	-	1,426	1,426	-
Total Department of Agriculture Passed Through KSDE		-	320,271	320,271	-
Total		\$ -	\$ 643,124	\$ 643,124	\$ -

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 415. All expenditures of federal financial assistance received directly from federal agencies, if any as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 415
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Adverse - GAAP
Unmodified - Regulatory Basis

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.559

Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

UNIFIED SCHOOL DISTRICT NO. 415
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Board of Education
Unified School District No. 415
Hiawatha, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting, the financial statements of the Unified School District No. 415, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
December 1, 2015



MIZE & HOUSER
COMPANY^{PA.}

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Unified School District No. 415
Hiawatha, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Unified School District No. 415, (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Kansas Municipal Audit and Accounting Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose

of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
December 1, 2015